CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 21, 1999

S. 1254
Steel Trade Enforcement Act of 1999

As reported by the Senate Committee on Finance on June 21, 1999

SUMMARY

The Steel Trade Enforcement Act of 1999 would direct federal agencies to increase their monitoring activities of steel imports and would broaden the conditions under which the President could take action against injurious imports. Subject to appropriation of necessary amounts, CBO estimates that implementing this bill would cost the federal government close to $1 million in fiscal year 2000 and less than $500,000 each year thereafter. That estimate would cover administrative costs of the International Trade Commission (ITC), the United States Trade Representative (USTR), and the Departments of Commerce and Justice. The bill is likely to affect collections of customs duties, which are recorded in the budget as governmental receipts. However, CBO finds no basis to estimate this revenue impact. Since the bill could affect revenues, pay-as-you-go procedures would apply.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. The bill would impose a private-sector mandate on importers by broadening the conditions under which the U.S. government could impose trade restrictions. However, CBO has no basis for estimating the cost of this mandate.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

H.R. 1254 would affect both spending subject to appropriation and receipts (i.e., revenues).

Spending Subject to Appropriation

S. 1254 would require that the USTR initiate an investigation of the anticompetitive practices of foreign governments in the steel market. The USTR would have six months to develop and submit to the President and the Congress a comprehensive strategy for eliminating the anticompetitive practices uncovered in its investigation. The bill also would require the USTR to annually update and publish a list of the anticompetitive practices that have the greatest impact on the United States steel industry and that will be targeted for further action. The bill would require that other agencies, including the International Trade Commission and the Departments of Commerce, and Justice, provide technical assistance to USTR. In addition, the bill would establish a center within the Department of Commerce to monitor and investigate imports of steel mill products. Based on information from the Administration, CBO estimates that implementing S. 1254 would cost the federal government between $500,000 and $1 million in fiscal year 2000 and less than $500,000 each year thereafter.

Revenues

The bill would amend sections 201 through 203 of the Trade Act of 1974, which allow the President to place restrictions on imports if the International Trade Commission finds that such imports are threatening or causing serious injury to U.S. domestic industry. Under current law, in order for a surge of imports to be considered a threat or a cause of serious injury to a domestic industry, ITC must determine that no other factors are threatening or causing more significant injury to that industry. This bill would amend the Trade Act of 1974 so that imports would no longer need to be the most important threat or cause of injury to a domestic industry in order for ITC to make a determination of injury.

The bill would likely increase the number of favorable decisions by ITC on petitions by domestic industries seeking relief from imports under the Trade Act of 1974. That act authorizes the President to take varied steps to address import injury, including imposing quotas and raising tariffs. Depending on the course of action taken by the President, government revenues—that is, the amount of customs duties—could increase or decrease. CBO has no basis for predicting such Presidential actions and thus cannot estimate the revenue impact of this bill.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting S. 1254 could affect receipts, but CBO has no basis for estimating the amount of any such change.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill would broaden the conditions under which the U.S. government could impose trade restrictions on imports that are found to seriously harm or threaten domestic production of competing or similar goods. Any trade restrictions resulting from this bill—such as tariffs, quotas, or import licenses—would impose mandates on importers of affected items. Those mandates would impose costs on the private sector, but CBO cannot predict the incidence of trade restrictions resulting from the new conditions defined in this bill and thus has no basis for estimating those costs.

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